

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7269**

**BILL NUMBER:** HB 1558

**NOTE PREPARED:** Jan 13, 2013

**BILL AMENDED:**

**SUBJECT:** Long-Term Care Insurance.

**FIRST AUTHOR:** Rep. Carbaugh

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State

**Summary of Legislation:** The bill specifies that a life insurance policy or rider with an accelerated death benefit for long-term care coverage is long-term care insurance for purposes of the asset disregard for Medicaid eligibility under the Long-term Care Partnership Program.

**Effective Date:** July 1, 2013.

**Explanation of State Expenditures:** *Department of Insurance:* The bill could increase workload or costs for the Department of Insurance to adopt rules concerning qualifications for long-term care policies that are life insurance policies with an accelerated death benefit and to approve new long-term care products for the state's Long-term Care Partnership Program.

*Medicaid:* The fiscal impact of adding another product under the Medicaid Long-term Care Partnership Program is indeterminate and will be based on the rules and types of products that are approved and the amount of benefit coverage individuals purchase.

Under the partnership program, a person who purchases coverage under a life insurance policy or rider with an accelerated death benefit for long-term care coverage would qualify for the asset disregard of the partnership program. The maximum benefit that must be provided to receive disregard of all assets is least \$250,000.

**Background:** A person purchasing the amount of partnership policy benefits specified in statute, who enters a nursing home and uses up all of the policy benefits, could apply to Medicaid to pay for continuing nursing

home care without being required to spend down any assets. If the person purchases a policy with a lower level of benefit than is specified in statute, the person will protect assets dollar-for-dollar for the amount of the policy benefit.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Insurance, Medicaid.

**Local Agencies Affected:**

**Information Sources:** FSSA, *What you Should Know About Long Term Care*, July 2011.

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